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Letter No. 2328

September 3, 1987

AG EXPORT
FORECAST

The U.S. Department of Agriculture raised the forecast for U.S. agricultural exports in fiscal 1987 to a value of \$28 billion and a volume of 129 million tons. Compared with fiscal 1986, export value is now expected to rise \$1 billion 700 million, a \$500 million increase from the May forecast. Grains account for virtually all of fiscal 1987's 18-percent expected rise in volume as lower U.S. prices, reduced competitor supplies and the Export Enhancement Program increase the U.S. share of world grain trade. However, accounting for most of fiscal 1987's expected gain in value will be increased livestock, horticultural and cotton exports.

MEXICO AND
AUSTRALIA TRY
BARTER

Mexico and Australia have concluded a barter transaction in which 200,000 tons of Australia's milling wheat is being traded for 200,000 tons of durum wheat from Mexico, according to the U.S. Department of Agriculture. The agreement calls for late September to late October delivery, and Mexico's durum wheat is likely destined for third-country use. Mexico is still expected to require imports of 600,000 tons of milling quality wheat in 1987/88. The U.S., as in the past, had been expected to supply a large portion of those needs.

U.S. CORN TO
TAIWAN?

Taiwan may turn to the United States to fulfill its corn needs as South African supplies rapidly diminish, according to the U.S. Department of Agriculture. The South African Government has requested cancellation of shipment of 250,000 tons of corn designated for Taiwan. Taiwan and South Africa have a long-term trade agreement calling for South Africa to ship 600,000 tons of corn each calendar year for 3 years. The shortfall would occur in the second year of the agreement.

PRODUCTION UP,
IMPORTS DOWN
IN USSR

The amount of grain the USSR is expected to buy in 1987/88 is now much lower than earlier expected due to an increase in the Soviet grain production forecast for 1987, according to the U.S. Department of Agriculture. So far in 1987/88, the U.S. has been the major supplier of wheat to the Soviet. However, since spring, purchasing activity has been very slow. Greater adverse effect on the U.S. is expected on coarse grains, where total USSR imports are projected to fall to the lowest level in 10 years. Thus far this year, the USSR has purchased only minimal amounts of coarse grains, and has yet to buy any U.S. corn for delivery in 1987/88.

U.S. AG EXPORTS
THE FIRST 9 MOS.
OF FY 1987

The value of U.S. agricultural exports in the first 9 months of fiscal 1987 rose for the first time since 1984, and the volume totaled 12 percent more than the first 9 months of fiscal 1986. According to the U.S. Department of Agriculture, U.S. agricultural exports rose to \$21 billion in the first 9 months of fiscal 1987. Volume for the October 1986-June 1987 period grew 12 percent to 95 million 500 thousand tons.

LYNG SPEAKS
IN OTTAWA

Sec'y of Agriculture Richard Lyng, in an address to the Inter-American Conference of Ministers of Agriculture, Ottawa, Canada, again proposed "...a global elimination of all direct and indirect subsidies that affect agricultural trade and all agricultural import barriers.... This doesn't mean we advocate pulling the rug out from under farmers, ours or anyone else's. Certainly, some producers will need help in making the shift to a market-oriented global agriculture. We believe the best way to provide that help is through direct income supports for those farmers who need it."

U.S. WHEAT
SALES

U.S. shipments of wheat and sales of wheat for the current marketing year, 1987/88, total 15 million 200 thousand tons, according to the U.S. Department of Agriculture. That's a 2-million ton increase over the previous month. The leading buyers for the past month were China, 210,000 tons...and Bangladesh, 144,000 tons.

FEED WHEAT
MARKETS

The USSR has been the world's single largest feed wheat market in the last several years, but with a bumper 1987 coarse grain harvest expected, the USSR will most likely buy feed wheat only at very favorable prices, according to the U.S. Department of Agriculture. In 1986/87, the USSR purchased almost 4 million tons of feed wheat, and Canada and the United Kingdom were the major suppliers. Other major feed wheat markets are South Korea, Cuba and Mexico. Canada, through feed wheat exports, was able to move into the South Korean feed market which until then had been dominated by U.S. corn.

BRAZIL--ARGENTINA
GRAIN AGREEMENT

Recent reports indicate that Brazil has agreed to increase wheat purchases from Argentina above the level required under their trade agreement by 200,000 tons in both 1990 and 1991. According to the U.S. Department of Agriculture, this would bring purchases from Argentina to 2 million tons in those 2 years. Brazil also purchased 750,000 tons of wheat from Canada under terms of an agreement, so the U.S. could face tough competition in making future sales. Since Argentina has fluctuating export levels from year to year, and also a large number of long-term agreements, there is still some question as to whether Argentina will be able to meet this year's agreement.

CANADIAN FEED
WHEAT PAYMENTS

The recently announced initial payment of 70 Canadian dollars for Canadian feed wheat is a 20 Canadian dollar per ton reduction from the 1986 level, according to the U.S. Department of Agriculture. Canadian feed wheat sales in 1986/87 rose to a record 4 million tons, allowing Canada to successfully compete in some traditional U.S. feedgrain markets. Sales are expected to continue heavy in 1987/88. Recent wheat sales seem to indicate that for the time being, the Canadian Wheat Board is not discounting below cost.

FROM OUR
TELEVISION
SERVICE

CURRENT AGRICULTURAL OUTLOOK...Potential losses on farm loans made by various lending institutions are forecast to decrease in 1987. USDA economist Herb Moses takes a look at these and other factors contributing to the current agricultural outlook. DeBoria Janifer interviews. (271)

FOREIGN AG TRADE IN THE U.S....Value of U.S. agricultural exports rose for the first time since 1984, while imports dropped from the record high set last year. USDA economist Steve MacDonald examines the foreign agricultural trade situation in the U.S. Vic Powell interviews. (272)

FEED OUTLOOK - I...1987 feed grain production is expected to be down about 13 percent from last year, reflecting a 14 percent reduction in harvested acreage. USDA economist Larry Van Meir talks about the feed grain situation and outlook. Vic Powell interviews. (273)

FEED OUTLOOK - II...Reduced feed grain acreage has resulted in lower production, but carryover stocks will rise to a record level, offsetting most of this year's production decline. USDA economist Larry Van Meir continues his discussion on the current feed grain outlook. Vic Powell interviews. (274)

WYE FIELD DAY...Russell Brinsfield, Univ. of Maryland's Wye Research and Education Center, describes the theme behind this year's "Wye Field Day," an open house event to help farmers remain competitive and develop skills to increase their personal potential. DeBoria Janifer interviews. (275)

FROM OUR RADIO
SERVICE

AGRICULTURE USA #1579...(Weekly 13½ min documentary) This month the nation celebrates the 200th anniversary of the signing of the U.S. Constitution. Gary Crawford explores how this document still affects farms and farming today.

CONSUMER TIME #1059...(Weekly reel of 2½-3 min features) Lactose intolerance; Baby's milk; "Easy does it" exercise; Home based businesses; Cleaning up clutter.

AGRITAPE/FARM PROGRAM REPORT #1568...(Weekly reel of news features) USDA news highlights; Grain storage outlook; Farm Credit System reorganization; Raisin success; A mechanical apple picker.

USDA RADIO NEWS SERVICE...Wed, Sept. 9, Crop and weather update; Thurs, Sept. 10, U.S. crop production report, World ag. supply/demand, USSR grain outlook; Fri, Sept. 11, Sugar and sweetener outlook, World crop/grain production, World oilseed, World cotton; Tues, Sept. 15, U.S. milk production, Cattle on feed report, Crop and weather update; Wed, Sept. 16, U.S. tobacco outlook; Thurs, Sept. 17, U.S. wheat outlook; Fri, Sept. 18, General ag. outlook report for U.S., World livestock outlook. Dial the USDA National News Line 202-488-8358 or 8359. All material changed at 5 p.m. ET each working day.


OFF MIKE

Don Wick has left KLGR in Redwood Falls, MN, to start up his own agriculture network. The new network, called Ag Com Net, is set to "go on the air" September 14 and is headquartered in Marshall, Minnesota. Don's new telephone number is 507-537-0566 ... The 1987 "Fact Book of U.S. Agriculture" is off the presses, and we have copies free for the asking while the supply lasts. This 163 page book is packed with information about every facet of agriculture and makes a good reference for that last bit of information to round out a story. Call or write for your free copy ... Jamie Kaestner (National Cattlemen's Assoc., Englewood, CO) married Jim Anderson August 29. They're expected to return from their honeymoon September 8 ... As we mentioned in this column earlier, our USDA Radio Tape Services are now being distributed on cassette instead of reel-to-reel. Gary Crawford, who has as discriminating an ear as anyone we know, listened to a duplicated cassette from the first

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batch distributed and pronounced them of excellent quality. His evaluation seems to parallel the opinion of stations receiving the cassettes. We haven't received any complaints, and that's nice. (Could it be that the free cassettes help? Nawwww!!). If you're not familiar with our radio tape services and would like to sample them, let us know ... A summer cold has us a little frustrated, because the energy level is low and walking the golf course doesn't seem as appealing as usual. Wife Marilyn says we've got to get out this Labor Day weekend, though. She can't stand all the grumping around. We'll tough it out and comply.


JAMES L. JOHNSON, Chief
Radio and Television Division

